

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 /018 W

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O R 102135Z MAY 76

FM AMEMBASSY CARACAS IMMEDIATE

INFO RUEHC/SECSTATE WASHDC 640

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UNCLAS LA PAZ 3630

FOR COMATT

E.O. 1152: N/A

TAGS: BEXP, BL

SUBJ: EXPANSION OF VIACHA CEMENT PLANT

1. DURING LATE 1975 THE CORPORATION ANDINA DE FOMENTO (CAF) AGREED TO LEND SOC. BOLIVIANA DE CEMENTO S.A. APPROXIMATELY US \$12 MILLION TO EXPAND ITS VIACHA CEMENT PLANT. CAF PLANNED TO USE FUNDS FROM USAID LOAN TO CAF NO. 958. HOWEVER, AID/W RECENTLY ADVISED CAF THAT IT DOES NOT CONSIDER THE PROJECT REGIONAL AND THEREFORE THAT CAF COULD NOT USE ITS FUNDS FOR THE VIACHA CEMENT PLANT PROJECT.

2. CAF HAS ADVISED SOC. BOLIVIANA DE CEMENTO S.A. THAT AID FUNDS CANNOT BE USED BUT THAT OTHER CAF FUNDS WILL BE USED. BOLIVIAN FIRM BASED ITS PROJECT FINANCIAL FEASIBILITY ON AID/AF TERMS OF 8 PERCENT INTEREST. USING OTHER SOURCES OF FUNDS MIGHT CHANGE TERMS AND CONDITIONS AND THUS PROJECT MIGHT NOT BE PROFITABLE.

3. SOC. BOLIVIANA DE CEMENTO S.A. HAS BEEN NEGOTIATING PURCHASING OF EQUIPMENT FROM US FIRMS. AS OTHER SOURCES ARE NOW INVOLVED, US EQUIPMENT MANUFACTURERS MIGHT BE PLACED AT A DISADVANTAGE OR FUNDS "PEGGED" TO EQUIPMENT OF OTHER NATIONS. IN ADDITION, THERE ARE TWO OTHER CEMENT PLANT PROJECTS IN BOLIVIA THAT UNCLASSIFIED

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COULD BE ACCELERATED SHOULD THIS VIACHA PLANT EXPANSION BE DELAYED OR CANCELLED. TO ASSIST US EQUIPMENT MANUFACTURING FIRMS, WE ARE FOLLOWING EVENTS.

4. CAF HAS INVITED BOLIVIAN FIRM OFFICIALS TO CARACAS TO DISCUSS SITUATION. IT APPEARS BOLIVIANS WILL TRAVEL TO CARACAS WEDNESDAY MAY 12,1976. HOWEVER, BEFORE THEY DEPART, THEY WOULD APPRECIATE BEING INFORMED OF THE TERMS AND CONDITIONS BASED ON OTHER SOURCES OF FUNDS.

5. ACTION REQUESTED: WE WOULD APPRECIATE IF EMBASSY CARACAS COULD DISCUSS SITUATION WITH CAF AND DETERMINE WHETHER TERMS AND CONDITIONS OF LOAN WILL CHANGE AND IF SO, WHAT ARE THE NEW TERMS AND WHETHER US EQUIPMENT MANUFACTURERS ARE STILL IN CONTENTION TO SELL THEIR MACHINERY.
STEDMAN

UNCLASSIFIED

<< END OF DOCUMENT >>

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Margaret P. Grafeld
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